

Message Text

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ACTION EUR-12

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USOECD

E.O. 11652: N/A
TAGS: ELAB, PINT, SW
SUBJ: LO AND SDP POSTPONE WAGE EARNER FUND DECISION TILL AFTER
1979 ELECTIONS

REF: (A) STOCKHOLM 2281, (B) STOCKHOLM 0833

1. SOCIAL DEMOCRATIC (SDP) LEADER OLOF PALME AND SWEDISH
CONFEDERATION OF TRADE UNIONS (LO) PRESIDENT GUNNAR NILS-
SON JOINTLY ON JUNE 30 ANNOUNCED THAT THEIR RESPECTIVE
EXECUTIVE COUNCILS HAVE CONFIRMED A DECISION, WHICH HAS
BEEN STRONGLY HINTED AT FOR SEVERAL WEEKS (REFTEL A) TO
POSTPONE THE WHOLE QUESTION OF WAGE EARNER FUNDS TILL THE
1981 LO AND SDP CONGRESSES. THEY POINTED OUT THAT THIS
DECISION DELAYS ANY PARLIAMENTARY IMPLEMENTATION OF A WAGE
EARNER FUNDS PLAN UNTIL AFTER THE 1982 GENERAL ELECTIONS.

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WAGE EARNER FUNDS ARE A SCHEME, WHEREBY A CERTAIN PERCENTAGE
OF A FIRM'S PROFITS IS SET ASIDE EACH YEAR IN THE FORM
OF EQUITY SHARES, WHICH ARE DEPOSITED IN A FUND CONTROLLED
BY THE WORKERS. OVER THE LONG TERM THE FUNDS WILL GAIN
MAJORITY CONTROL OF ALL FIRMS COVERED BY THE SCHEME.

2. OBSTENSIBLY THIS DECISION WILL ALLOW NEEDED TIME FOR

FURTHER DISCUSSION AND REFINEMENT OF THE SDP-LO PLAN AND AN OPPORTUNITY TO WORK OUT SOME OF THE LOOSE ENDS STILL REMAINING (HOW WILL THE PLAN BE APPLIED TO MULTI-NATIONAL FIRMS? WILL THEY BE REQUIRED TO PROVIDE THE FUND WITH SHARES IN THEIR SWEDISH SUBSIDIARY OR IN THE PARENT CORPORATION? WHAT IF THE MULTI-NATIONAL IS STATE OWNED BY A FOREIGN GOVERNMENT?) BOTH LEADERS MADE IT CLEAR THAT NEITHER THEY NOR THEIR ORGANIZATIONS ARE ABANDONING THEIR PROPOSAL; THEY ARE SIMPLY POSTPONING IT TO A MORE OPPORTUNE MOMENT.

3. COMMENT: IT REMAINS TO BE SEEN IF THE ANNOUNCEMENT BY THE SOCIALIST LEADERSHIP WILL BE SUCCESSFUL IN ELIMINATING THE WAGE EARNER FUND ISSUE AS THE CENTERPIECE OF THE 1979 ELECTION CAMPAIGN. OPINION POLLS HAVE INDICATED THAT A HEAVY MAJORITY OF THE PUBLIC IS IN OPPOSITION TO THE FUND PROPOSALS AS PRESENTLY CONSTITUTED. (SOME SOURCES HAVE INDICATED PRIVATELY THAT THE FUNDS ENJOY THE STRONG SUPPORT OF ONLY ABOUT 40 PERCENT OF THE SDP RANK AND FILE.) MANY FEEL THAT THIS IS THE SINGLE ISSUE MOST LIKELY TO COST THE SOCIALISTS VOTES IN THE 1979 ELECTION. THE LEADERSHIP HAS CLEARLY DECIDED THAT VICTORY IN 1979 MUST TAKE PRECEDENCE OVER A PROPOSAL DESIGNED TO FULFILL THE IDEOLOGICAL GOAL OF MOVING OWNERSHIP OF THE MEANS OF PRODUCTION INTO THE HANDS OF THE WORKERS.

KENNEDY-MINOTT
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